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6 Investment Company

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11 IN THE UNITED STATES BANKRUPTCY COURT
12 FOR THE DISTRICT OF OREGON

13 In re:

14 Peter M. Bucklin,

15 Debtor.

Chapter 11

No.: 10-64467-fra11

16 **DECLARATION OF DAN HALSTROM**
17 **IN SUPPORT OF INTERVEST**
MORTGAGE INVESTMENT
COMPANY'S OPPOSITION TO
DEBTOR'S MOTION FOR INTERIM
USE OF CASH COLLATERAL

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19 I, Dan Halstrom, declare as follows:

- 20 1. I am an assistant vice president and special assets administrator for Sterling
21 Savings Bank, the parent company to Intervest Mortgage Investment Company
22 ("Intervest").
23 2. I am familiar with the books, records and files as they pertain to the loan and
24 documents executed by one of the borrowers and debtor herein, Peter M. Bucklin.
25 If called upon to testify in this action as to matters set forth in this Declaration, I
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1 could and would competently testify thereto.

- 2 3. On October 15, 2008, Intervest made an \$8,725,000 construction loan to Peter M.
 3 Bucklin and Joan B. Bucklin as trustees to the Peter M. and Joan B. Bucklin
 4 Revocable Trust, Robert V. Roland, and Christopher M. Bucklin. The loan was
 5 secured by a first deed of trust against parcel number 431-141-019, commonly
 6 referred to as the Los Banos Center in Los Banos, California. The deed of trust
 7 contains an absolute assignment of rents clause and security agreement covering
 8 personal property. Intervest's deed of trust is properly perfected as the first lien
 9 against the real property and is perfected in the rents. Intervest is properly
 10 perfected in the personal property. Attached hereto as Exhibit "A" and "B" are
 11 the promissory note and deed of trust, respectively. Title to the Los Banos Center
 12 is held as tenants in common. The debtor's revocable trust owns 55% of which
 13 the debtor's beneficial interest represents 27.5%. The debtor's spouse owns the
 14 other 27.5%, Robert Rowland owns 35% and the debtor's son, Christopher
 15 Bucklin has a 10% interest in the Los Banos Center. Attached hereto as Exhibit
 16 "C" is a true and correct copy of the Trustee Sale Guarantee which sets forth how
 17 title is held to the real property and perfection of Intervest's liens against the real
 18 and personal property.
- 19 4. The purpose of the loan was to construct a retail shopping center known as the
 20 Los Banos Plaza. The project originally included the construction of three
 21 buildings. One of the buildings has been completed and occupied, one building
 22 has been constructed as a shell, and one building has not been constructed. The
 23 project has encountered difficulties in leasing and currently Tractor Supply
 24 Company is the only occupant of the Los Banos Center. The rent from the tenant
 25 is insufficient to pay the debt service on the loan.

- 26 5. As a result of the borrower's failure to make payments under the note and pay all

1 outstanding property taxes, Intervest issued a notice of default. The borrower's
2 failed to cure and on April 2, 2010, Intervest recorded its Notice of Default and
3 Election to Sell under Deed of Trust. In addition, Intervest exercised its rights
4 under the Deed of Trust and issued its Notice of Demand to pay Rents to the
5 Secured Party pursuant to section 2938 of the Civil Code. Attached hereto as
6 Exhibit "D" is a true and correct copy of the Notice of Demand.

7 I declare under penalty of perjury that the foregoing is true and correct. Executed this
8 4th day of August, 2010, in Spokane, Washington.



/s/ Dan Halstrom

Dan Halstrom

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CERTIFICATE OF SERVICE

I hereby certify that on the 5th day of August , 2010, I caused to be served the foregoing **DECLARATION OF DAN HALSTROM IN SUPPORT OF INTERVEST MORTGAGE INVESTMENT COMPANY'S OPPOSITION TO DEBTOR'S MOTION FOR INTERIM USE OF CASH COLLATERAL** on the following parties at the following addresses:

Thomas W. Stilley
1000 SW Broadway #1400
Portland, OR 97205
Debtor's Attorney

US Trustee, Eugene
405 E 8th Ave #1100
Eugene, OR 97401-2706
US Trustee

by:

<input checked="checked" type="checkbox"/>	U.S. Postal Service, ordinary first class mail
<input type="checkbox"/>	U.S. Postal Service, certified or registered mail,
<input type="checkbox"/>	return receipt requested
<input type="checkbox"/>	hand delivery
<input type="checkbox"/>	other (specify) _____

/s/ Stephen P. Arnot
Stephen P. Arnot, OSB#070765